

Gross receipts from the sales of magazines are not subject to sales tax. See 86 Ill. Adm. Code 130.2105(a)(2). (This is a GIL.)

August 16, 2000

Dear Xxxxx:

This is in response to your letter dated April 27, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I am launching a new magazine business and have applied for a business I.D. number. I received a call from PERSON at the Dept. of Revenue questioning whether my publishing business is books or magazines. I described the format of the magazine to her but she felt that it wasn't her place to determine whether we are a book or a magazine publisher and referred me to the legal department for a determination. Obviously, the concern here is that magazines are tax exempt.

Here is a brief description of the format and profile of my new company:

The name of the company is COMPANY. We will be publishing a literary magazine entitled NAME. The focus of NAME will be on contemporary CITY writers and will publish literary criticism and commentary, as well as new works of poetry and prose illustrated with b&w photography (there are no advertisers currently). The magazine will be published semi-annually in June and December and circulation will be primarily subscription-based. Newsstand sales will be very limited since most bookstores do not even handle literary magazines. The first issue is scheduled for June 2000 with a press run of 300 copies. I don't foresee ever printing more than 500 copies of one issue. The cover price of the magazine will be \$6.00 which barely covers the cost of printing—this is not intended to be a high volume big profit business...obviously.

I need something from you, a letter or email, that I can give to PERSON so she will set us up as tax-exempt. You can contact me at the address (or email) below or by phone ##### (days). Thank you.

Gross receipts from the sale of newspapers and magazines in Illinois are not subject to sales tax. See, 86 Ill. Adm. Code Section 130.2105(a)(2) enclosed for your reference. When determining

whether a publication is a newspaper or magazine, a periodicity test must be met and several other factors considered. In order to meet the periodicity test, the publication must be published at least two times or more a year. Whether the publication has the basic characteristics of a magazine must also be considered. The characteristics considered include containing articles or items of interest to the general public, having the basic format of a magazine such as a soft cover, individual pages and indexed articles, the ability to subscribe to the publication, inclusion of general advertising, and common acceptance of the publication as a magazine. See, Moody's Investors Service, Inc. v. Department of Revenue 445 N.E.2d 1331 (Ill. App. 1983), *affirmed* 461 N.E.2d 972 (1984).

A literary publication that is published semi-annually and possesses some of these characteristics can qualify for the exemption from Illinois sales tax.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Sincerely,

Dana Deen Kinion
Associate Counsel

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Enc.